

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>Saline Area Fire Department</u>	County <u>Washtenaw</u>
Audit Date <u>June 30, 2004</u>	Opinion Date <u>August 20, 2004</u>	Date Accountant Report Submitted To State: <u>November 5, 2004</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>PLANTE &amp; MORAN, PLLC</b>			
Street Address <u>350 S. Main Street, Suite 200</u>	City <u>Ann Arbor</u>	State <u>MI</u>	ZIP <u>48104</u>
Accountant Signature  			

# **Saline Area Fire Department**

---

## **Financial Report with Supplemental Information June 30, 2004**

# Saline Area Fire Department

---

## Contents

<b>Report Letter</b>	1-2
<b>Management's Discussion and Analysis</b>	3-5
<b>Basic Financial Statements</b>	
Government-wide/Fund Financial Statements:	
Statement of Net Assets/Balance Sheet	6
Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance	7
Notes to Financial Statements	8-15
<b>Required Supplemental Information</b>	
Budgetary Comparison Schedule - General Fund	16
<b>Other Supplemental Information</b>	
Budgetary Comparison Schedule - Capital Projects Fund	17



**Plante & Moran, PLLC**  
27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
Tel: 248.352.2500  
Fax: 248.352.0018  
plantemoran.com

## Independent Auditor's Report

To the Executive Board  
Saline Area Fire Department

We have audited the accompanying financial statements of the governmental activities and each major fund of the Saline Area Fire Department as of and for the year ended June 30, 2004, which collectively comprise the Fire Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Saline Area Fire Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Saline Area Fire Department as of June 30, 2004 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, identified in the table of contents, and the budgetary comparison schedule for the General Fund are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

A member of



A worldwide association of independent accounting firms

To the Executive Board  
Saline Area Fire Department

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saline Area Fire Department's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

August 20, 2004

# Saline Area Fire Department

## Management's Discussion and Analysis

Our discussion and analysis of the Saline Area Fire Department's (the "Fire Department") financial performance provides an overview of the Fire Department's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Fire Department's financial statements.

### The Fire Department as a Whole

The following table shows, in condensed format, the net assets of the Fire Department (in thousands of dollars):

	Governmental Activities	
	2004	2003
<b>Assets</b>		
Current assets	\$ 438	\$ 675
Noncurrent assets	<u>1,348</u>	<u>1,194</u>
Total assets	1,786	1,869
<b>Liabilities</b>		
Current liabilities	261	227
Long-term liabilities	<u>168</u>	<u>193</u>
Total liabilities	<u>429</u>	<u>420</u>
<b>Net Assets</b>		
Invested in capital assets - Net of related debt	1,188	994
Restricted	160	200
Unrestricted	<u>9</u>	<u>255</u>
Total net assets	<u><u>\$ 1,357</u></u>	<u><u>\$ 1,449</u></u>

# Saline Area Fire Department

## Management's Discussion and Analysis

The following table shows the Fire Department's changes in net assets (in thousands of dollars):

	Governmental Activities	
	2004	2003
<b>Revenue</b>		
Operations	\$ 615	\$ 612
Fire runs	43	71
Capital improvements	50	50
Interest income and other	22	20
Total revenue	730	753
<b>Expenditures</b>		
Salaries, wages, and fringe benefits	502	465
Repairs, maintenance, and improvements	34	36
Depreciation	67	54
Other program expenses	220	200
Total expenditures	823	755
<b>Change in Net Assets</b>	<b>\$ (93)</b>	<b>\$ (2)</b>

The Fire Department's combined net assets changed from the prior year by approximately \$93,000, due to an increase in salaries, health care costs, and depreciation costs related to the acquisition of a fire engine.

### Governmental Activities

The Fire Department's total governmental revenues decreased during the current year due to various factors, including a decrease in the number of paid on call incidents (a large percentage of the year's fire incidents were station response calls handled by full-time fire personnel).

Expenses also increased during the year due to the continual increase in health care costs, salary costs for full-time firefighting and administrative personnel, and the depreciation costs related to newly acquired capital equipment. To offset this, the Fire Department is continuing to closely monitor its manpower costs by reviewing and changing the response guidelines to minimize the number of firefighters responding.

# **Saline Area Fire Department**

## **Management's Discussion and Analysis (Continued)**

---

### **General Fund Budgetary Highlights**

Over the course of the year, the Fire Department amended the budget to take into account events occurring during the year. The Fire Department overall stayed below budget, resulting in total expenditures being below the budget figures. However, due to the fact that a substantial portion of the contingency funds was utilized to offset the operating expenses, the total fund balance decreased by approximately 39 percent, with a remaining fund balance at June 30, 2004 of approximately \$90,000.

### **Capital Asset and Debt Administration**

At the end of the year, the Fire Department had approximately \$424,000 in cash with a principal balance of \$160,000 remaining on the loan obtained in the prior fiscal year for the construction of a new fire engine.

### **Economic Factors and Next Year's Budgets and Rates**

The Fire Department's budget for next year continues to allow relief to the entities that are experiencing budget cuts as no capital contribution for the year has been budgeted. The entities agreed that the budget for the following fiscal year would again collect for capital monies. As always, the Fire Department will work hard to maintain a budget that is fair for all participating entities.

### **Contacting the Fire Department's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Fire Department's finances and to show the Fire Department's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Fire Department's office.



# Saline Area Fire Department

## Statement of Net Assets/Balance Sheet June 30, 2004

	Modified Accrual Basis			Adjustments	Statement of
	General	Capital Projects	Total	(Note 7)	Net Assets
<b>Assets</b>					
Cash and cash equivalents (Note 3)	\$ 264,057	\$ -	\$ 264,057	\$ -	\$ 264,057
Other assets	13,675	-	13,675	-	13,675
Restricted assets for loan repayment (Note 3)	-	160,000	160,000	-	160,000
Capital assets - Net (Note 4)	-	-	-	1,347,905	1,347,905
Total assets	<u>\$ 277,732</u>	<u>\$ 160,000</u>	<u>\$ 437,732</u>	1,347,905	1,785,637
<b>Liabilities</b>					
Accounts payable	\$ 13,506	\$ 24,932	\$ 38,438	-	38,438
Due to other governmental units	65,197	-	65,197	-	65,197
Deferred revenue - 2004-2005 contributions	109,131	-	109,131	-	109,131
Noncurrent liabilities:					
Due within one year (Note 5)	-	-	-	47,500	47,500
Due in more than one year (Note 5)	-	-	-	168,366	168,366
Total liabilities	187,834	24,932	212,766	215,866	428,632
<b>Fund Equity - Fund balance</b>					
Reserved for loan repayment	-	160,000	160,000	(160,000)	-
Unreserved and undesignated	89,898	(24,932)	64,966	(64,966)	-
Total fund equity	89,898	135,068	224,966		
Total liabilities and fund equity	<u>\$ 277,732</u>	<u>\$ 160,000</u>	<u>\$ 437,732</u>		
<b>Net Assets</b>					
Invested in capital assets - Net of related debt				1,187,905	1,187,905
Restricted for loan repayment				160,000	160,000
Unrestricted				9,100	9,100
Total net assets				\$ -	\$ 1,357,005

# Saline Area Fire Department

## Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance Year Ended June 30, 2004

	Modified Accrual			Adjustments	Statement of
	General	Capital Projects	Total	(Note 7)	Activities
<b>Revenue</b>					
City of Saline:					
Operations	\$ 243,418	\$ -	\$ 243,418	\$ -	\$ 243,418
Fire runs	13,410	-	13,410	-	13,410
Capital improvements	-	19,760	19,760	-	19,760
Township:					
Operations:					
Lodi Township	198,239	-	198,239	-	198,239
Saline Township	63,584	-	63,584	-	63,584
York Township	109,369	-	109,369	-	109,369
Fire runs:					
Lodi Township	16,035	-	16,035	-	16,035
Saline Township	8,670	-	8,670	-	8,670
York Township	4,680	-	4,680	-	4,680
Capital improvements:					
Lodi Township	-	16,150	16,150	-	16,150
Saline Township	-	5,180	5,180	-	5,180
York Township	-	8,910	8,910	-	8,910
Interest income and other	10,025	12,281	22,306	-	22,306
Total revenue	667,430	62,281	729,711	-	729,711
<b>Expenditures</b>					
Salaries and wages	347,298	-	347,298	20,110	367,408
Fringe benefits	134,318	-	134,318	-	134,318
Supplies and other	51,854	-	51,854	-	51,854
Professional services	9,653	-	9,653	-	9,653
Communications	5,395	-	5,395	-	5,395
Transportation	6,000	-	6,000	-	6,000
Insurance and bonds	47,221	-	47,221	-	47,221
Utilities	10,687	-	10,687	-	10,687
Repairs, maintenance, and improvements:					
Fire hall	6,601	-	6,601	-	6,601
Equipment	15,839	-	15,839	-	15,839
Computer software maintenance	1,797	-	1,797	-	1,797
Schooling	9,137	-	9,137	-	9,137
Administration	66,191	-	66,191	-	66,191
Equipment purchases	-	230,490	230,490	(220,323)	10,167
Printing and publishing	1,132	-	1,132	-	1,132
Community promotion	3,649	-	3,649	-	3,649
Fuel	5,184	-	5,184	-	5,184
Dues plus subscriptions	2,249	-	2,249	-	2,249
Debt service	-	41,062	41,062	(40,000)	1,062
Depreciation	-	-	-	66,864	66,864
Total expenditures	724,205	271,552	995,757	(173,349)	822,408
<b>Net Change in Fund Balance/Net Assets</b>	(56,775)	(209,271)	(266,046)	173,349	(92,697)
<b>Fund Balance/Net Assets - Beginning of year</b>	146,673	344,339	491,012	958,690	1,449,702
<b>Fund Balance/Net Assets - End of year</b>	<b>\$ 89,898</b>	<b>\$ 135,068</b>	<b>\$ 224,966</b>	<b>\$ 1,132,039</b>	<b>\$ 1,357,005</b>

The Notes to Financial Statements are an  
Integral Part of This Statement.

# Saline Area Fire Department

---

## Notes to Financial Statements June 30, 2004

### **Note I - Summary of Significant Accounting Policies**

The accounting policies of the Saline Area Fire Department conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity**

The Saline Area Fire Department is a governmental joint venture created by a contractual agreement between the City of Saline, Lodi Township, Saline Township, and York Township. The Saline Area Fire Department is governed by an eight-member board whose directors are selected and approved by the respective City and Township Boards. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets/balance sheet and the statement of activities/statement of revenue, expenditures, and changes in fund balance) report information on all of the activities of the Saline Area Fire Department. The effects of interfund activity have been removed from these statements.

The statement of net assets/balance sheet demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# Saline Area Fire Department

---

## Notes to Financial Statements June 30, 2004

### Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Therefore, interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Saline Area Fire Department reports its General Fund as its major governmental fund. The General Fund is the Fire Department's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in the Capital Projects Fund.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

#### **Assets, Liabilities, and Net Assets or Equity**

**Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Capital Assets** - Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# Saline Area Fire Department

---

## Notes to Financial Statements June 30, 2004

### Note 1 - Summary of Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Vehicles and equipment	5 to 20 years

**Deferred Revenue** - Deferred revenue represents fees received by the Fire Department for operations pertaining to the subsequent fiscal year. Revenue is recognized in the fiscal year it is earned.

**Compensated Absences (Vacation and Sick Leave)** - It is the Fire Department's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

**Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

# Saline Area Fire Department

## Notes to Financial Statements June 30, 2004

### Note 2 - Stewardship, Compliance, and Accountability

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The annual budget is prepared and adopted by the Saline Area Fire Department Executive Board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2004 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been adopted on a total revenue and total expenditure basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual operations to the budgets adopted by the Saline Area Fire Department Board is included for management analysis only. This comparison includes no expenditure budget overruns.

### Note 3 - Deposits and Investments

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

Cash and cash equivalents	\$ 264,057
Restricted assets	<u>160,000</u>
Total	<u>\$ 424,057</u>

The Saline Area Fire Department's cash and cash equivalents at June 30, 2004 are composed entirely of deposits with banking institutions.

The deposits were reflected in the accounts of the banks at \$424,199, of which approximately \$200,000 is covered by federal depository insurance.

# Saline Area Fire Department

## Notes to Financial Statements June 30, 2004

### Note 4 - Capital Assets

Capital asset activity was as follows:

	Balance July 1, 2003	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2004
Capital assets not being depreciated:					
Land	\$ 41,839	\$ -	\$ -	\$ -	\$ 41,839
Construction in progress	200,000	(200,000)	-	-	-
Net capital assets not being depreciated	241,839	(200,000)	-	-	41,839
Capital assets being depreciated:					
Buildings and improvements	399,741	-	-	-	399,741
Vehicles and equipment	952,583	200,000	220,323	(19,752)	1,353,154
Subtotal	1,352,324	200,000	220,323	(19,752)	1,752,895
Accumulated depreciation:					
Buildings and improvements	134,743	-	7,995	-	142,738
Vehicles and equipment	264,974	-	58,869	(19,752)	304,091
Subtotal	399,717	-	66,864	(19,752)	446,829
Net capital assets being depreciated	952,607	200,000	153,459	-	1,306,066
Net capital assets	\$ 1,194,446	\$ -	\$ 153,459	\$ -	\$ 1,347,905

### Note 5 - Long-term Debt

Long-term obligation activity can be summarized as follows:

	Annual Interest Rate	Annual Principal Maturity	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Installment purchase agreements	3.135%	\$ 40,000	\$ 200,000	\$ (40,000)	\$ 160,000	\$ 40,000
Compensated absences			35,756	20,110	55,866	7,500
Total obligations			\$ 235,756	\$ (19,890)	\$ 215,866	\$ 47,500

# Saline Area Fire Department

## Notes to Financial Statements June 30, 2004

### Note 5 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above installment purchase obligation are as follows:

	Principal	Interest	Total
2005	\$ 40,000	\$ 5,110	\$ 45,110
2006	40,000	3,821	43,821
2007	40,000	2,548	42,548
2008	40,000	1,274	41,274
Total	<u>\$ 160,000</u>	<u>\$ 12,753</u>	<u>\$ 172,753</u>

### Note 6 - Risk Management

The Fire Department is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). Medical benefits are not provided to employees of the Fire Department. The Fire Department has purchased commercial insurance for employee accident and injury claims and participates in the Michigan Townships Participating Plan for claims related to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.



# Saline Area Fire Department

## Notes to Financial Statements June 30, 2004

### Note 7 - Description of Adjustments from the Modified Accrual to the Full Accrual Basis

The reconciliation of the governmental funds balance sheet to the statement of net assets is as follows:

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 224,966</b>
Amounts reported under the full accrual method in the statement of net assets are different because:	
Capital assets are not financial resources and are not reported in the funds	1,347,905
Long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(215,866)</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 1,357,005</u></b>

The reconciliation of the statement of revenue, expenditures, and changes in fund balance to the statement of activities is as follows:

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (266,046)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	153,459
Repayment of installment purchase agreement is an expenditure in the governmental funds, but not in the statement of activities (where it decreases long-term debt)	40,000
Increase in accumulated employee sick and vacation is recorded when earned in the statement of activities	<u>(20,110)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ (92,697)</u></b>

# Saline Area Fire Department

---

## Notes to Financial Statements June 30, 2004

### Note 8 - Allocation of Net Assets Between Member Communities

The allocation of the net assets as of June 30, 2004 is as follows:

City of Saline	\$ 536,289
Lodi Township	438,313
Saline Township	140,585
York Township	<u>241,818</u>
Total net assets	<u>\$ 1,357,005</u>

## **Required Supplemental Information**

---

# Saline Area Fire Department

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
<b>Revenue</b>				
City of Saline:				
Operations	\$ 233,472	\$ 233,472	\$ 243,418	\$ 9,946
Fire runs	25,992	25,992	13,410	(12,582)
Townships:				
Operations:				
Lodi Township	190,818	190,818	198,239	7,421
Saline Township	61,204	61,204	63,584	2,380
York Township	105,275	105,275	109,369	4,094
Fire runs:				
Lodi Township	21,244	21,244	16,035	(5,209)
Saline Township	6,814	6,814	8,670	1,856
York Township	11,720	11,720	4,680	(7,040)
Interest income and other	-	-	10,025	10,025
Total revenue	656,539	656,539	667,430	10,891
<b>Expenditures</b>				
Salaries and wages	357,330	338,330	347,298	(8,968)
Fringe benefits	122,931	135,572	134,318	1,254
Supplies	38,950	53,675	51,854	1,821
Professional services	10,500	10,275	9,653	622
Communications	4,000	4,800	5,395	(595)
Transportation	6,200	6,000	6,000	-
Insurance and bonds	50,000	47,400	47,221	179
Utilities	9,500	9,950	10,687	(737)
Repairs, maintenance, and improvements:				
Fire hall	5,500	6,850	6,601	249
Equipment	19,500	15,300	15,839	(539)
Computer software maintenance	2,000	1,950	1,797	153
Schooling	10,500	9,000	9,137	(137)
Administration	72,360	72,360	66,191	6,169
Printing and publishing	1,000	1,450	1,132	318
Community promotion	3,000	3,700	3,649	51
Contingencies	75,000	79,000	-	79,000
Fuel	4,000	5,300	5,184	116
Dues plus subscriptions	1,800	2,300	2,249	51
Total expenditures	794,071	803,212	724,205	79,007
<b>Net Change in Fund Balance/Net Assets</b>	(137,532)	(146,673)	(56,775)	<b>\$ 89,898</b>
<b>Fund Balance/Net Assets - Beginning of year</b>	146,673	146,673	146,673	
<b>Fund Balance/Net Assets - End of year</b>	<b>\$ 9,141</b>	<b>\$ -</b>	<b>\$ 89,898</b>	

The Saline Area Fire Department board has adopted the budget on the basis of total revenue and expenditures. The budget shown above is in greater detail than adopted and is shown for management analysis only.

## **Other Supplemental Information**

---

# Saline Area Fire Department

## Other Supplemental Information Budgetary Comparison Schedule - Capital Projects Fund Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
<b>Revenue</b>				
City of Saline - Capital improvements	\$ 19,760	\$ 19,760	\$ 19,760	\$ -
Townships - Capital improvements:				
Lodi Township	16,150	16,150	16,150	-
Saline Township	5,180	5,180	5,180	-
York Township	8,910	8,910	8,910	-
Interest income and other	-	37,800	12,281	(25,519)
Total revenue	50,000	87,800	62,281	(25,519)
<b>Expenditures</b>				
Debt service	-	41,100	41,063	37
Equipment purchases	190,193	391,039	230,489	160,550
Total expenditures	190,193	432,139	271,552	160,587
<b>Net Change in Fund Balance/Net Assets</b>	(140,193)	(344,339)	(209,271)	<b><u>\$ 135,068</u></b>
<b>Fund Balance/Net Assets - Beginning of year</b>	344,339	344,339	344,339	
<b>Fund Balance/Net Assets - End of year</b>	<b><u>\$ 204,146</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 135,068</u></b>	

The Saline Area Fire Department board has adopted the budget on the basis of total revenue and expenditures. The budget shown above is in greater detail than adopted and is shown for management analysis only.